

Petroleum and the Alaska Economy

by

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Fairbanks



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Petroleum and the Alaska Economy

Primary Financial Support from



The Alaska Economy Runs on \$\$\$ From Outside



Support Activities Depend on Dollars Coming Into Alaska



The Alaska Economic Structure: The Myth



The Reality



The Alaska Economy Stands on 3 Legs



Oil Patch Characteristics

PETROLEUM

VS

TOURISM



\$147K

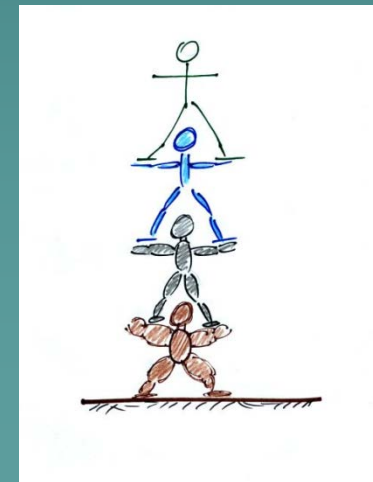


\$12K

•Jobs



•Complexity



Alaska Petroleum Revenues



SAVE
\$37
Billion



Lighter Tax Burden



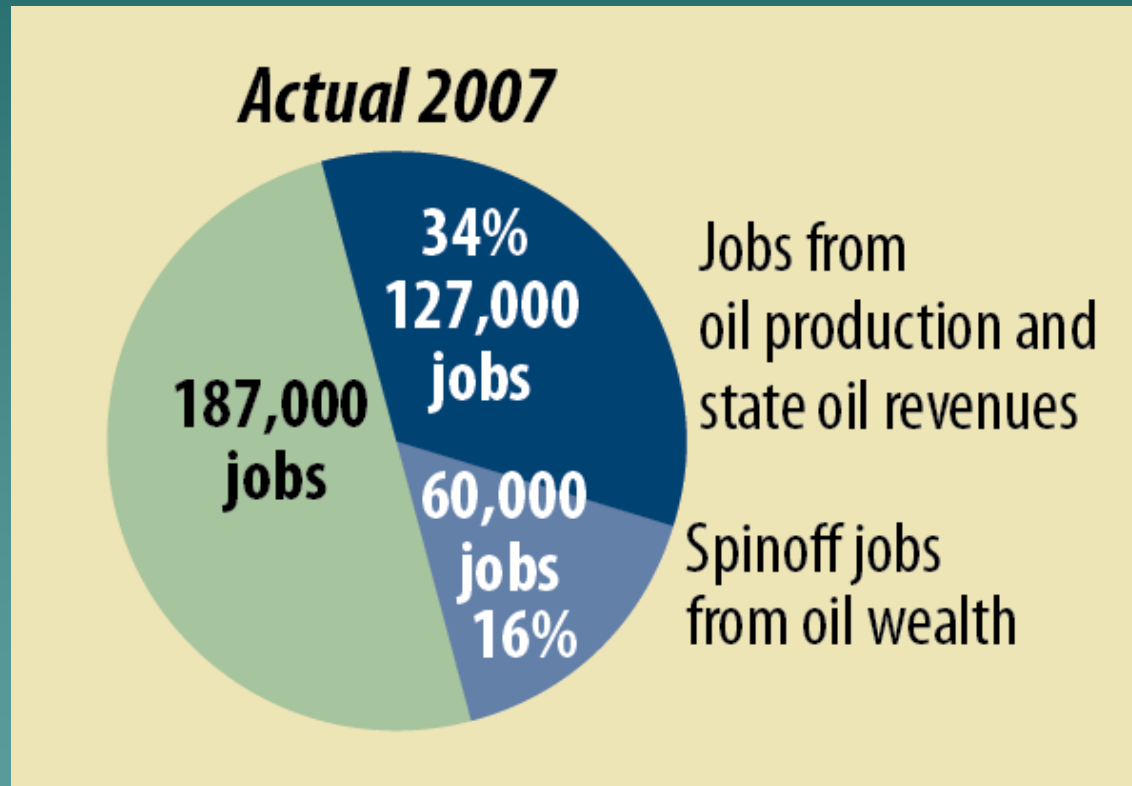
SPEND
\$120
Billion

Greater Public Spending



59-10 in 2010 \$

Petroleum Has Transformed the Alaska Economy



Petroleum Spinoff: Lite Tax Burden on Households

\$2,300 per capita*




* Based on national average state Income and sales tax rates in 2008.

Petroleum Spinoff: Lite Tax Burden on Resource Industries



State & Local Revenues from Seafood, Tourism, Mining, Timber

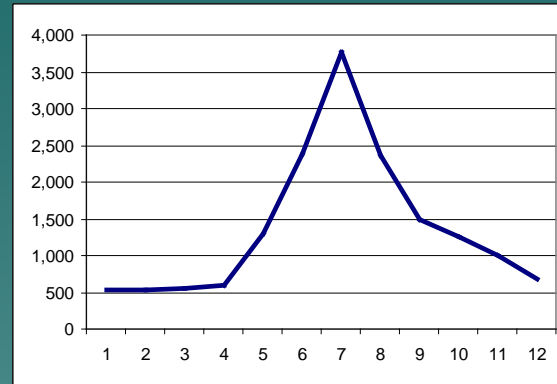
Actual (avg 05-07)	\$200 mill
If Oil \$ Disappeared	\$900
Incremental Burden, no Oil \$	\$700
Increase in Tax Rate	4 X



Petroleum Spinoff: Public Spending Double US Average

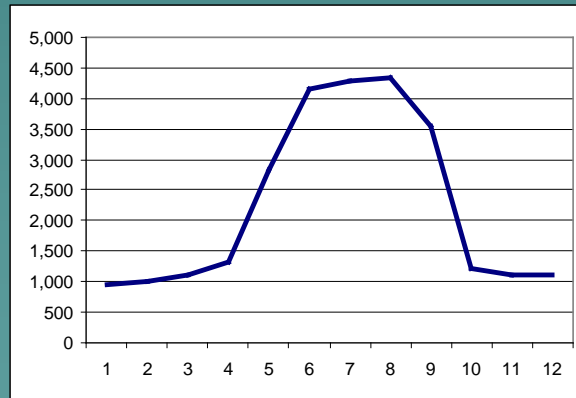
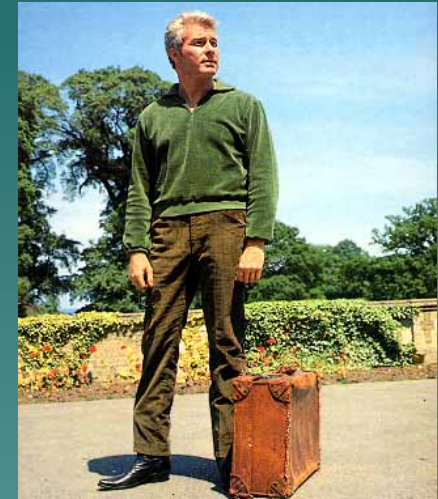
- CAPITAL SPENDING
 - Targeted Development
 - General Infrastructure
 - Household Infrastructure
- OPERATIONS SPENDING
- CAPITALIZING SPECIAL FUNDS

Petroleum Spinoff: Stability



FISHING

Bristol Bay



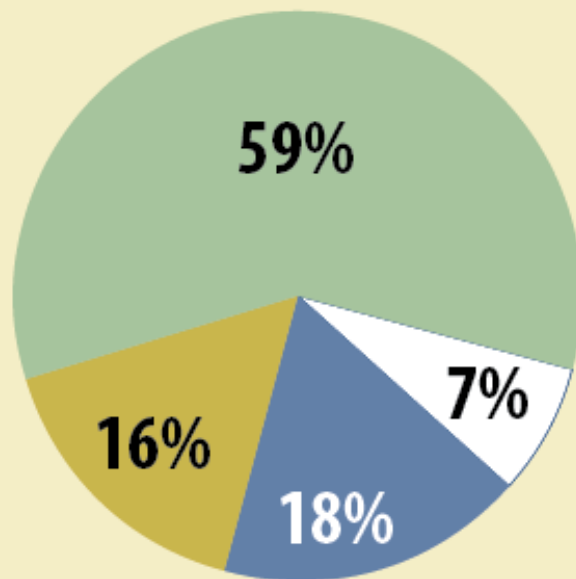
TOURISM

Denali Borough



2007 Economic Structure without Petroleum

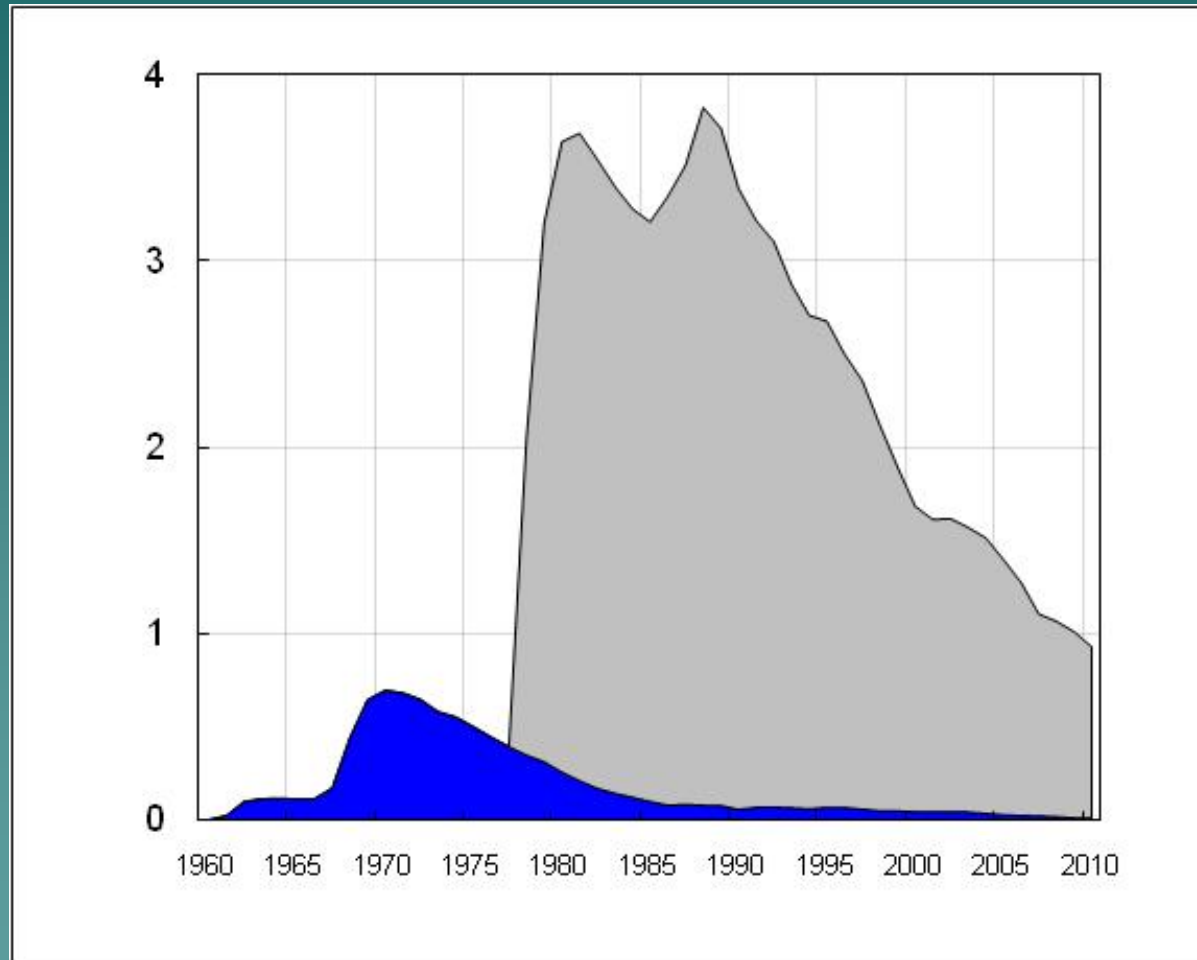
2007 Without Oil
187,000 jobs



- Federal government
- Seafood, mining, timber
- Tourism, air cargo
- Other
- Oil

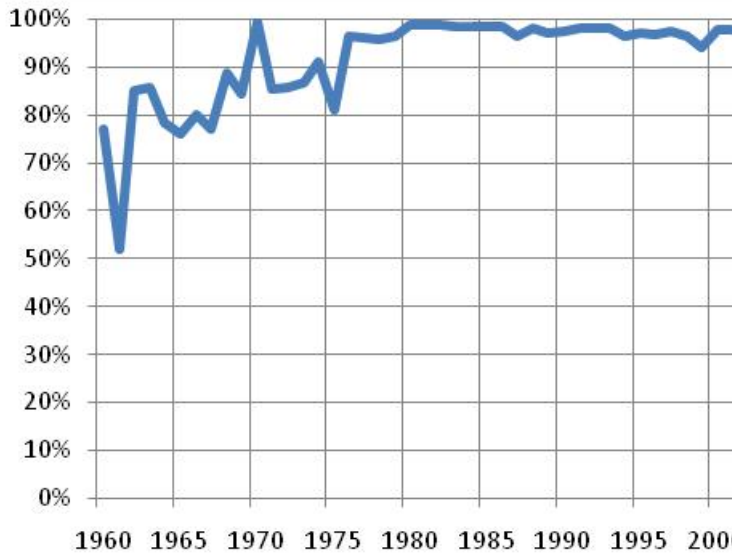


Oil Production: Barrels per Day per Alaskan

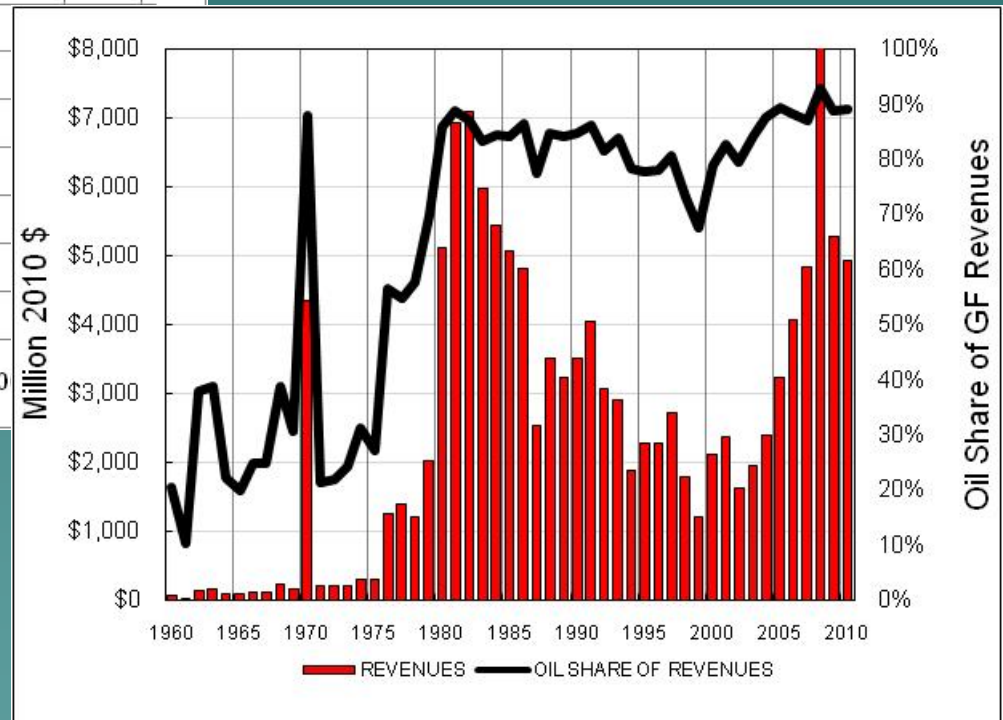


Oil Revenues

Oil Share of Resource Revenues



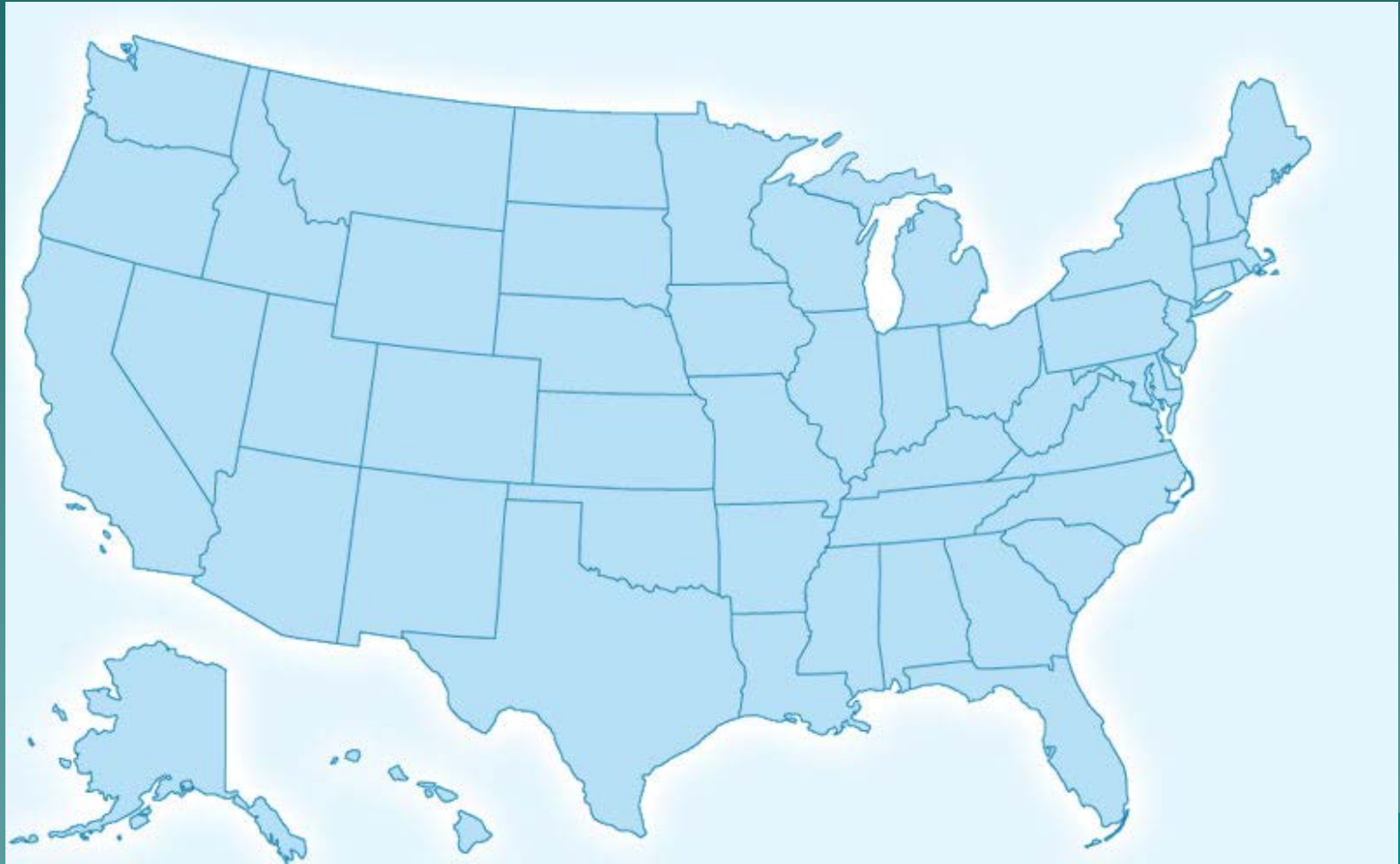
Oil Share of All Revenues



Non-Petroleum Strategies for the Future

- Natural Resource Development
 - Value Added Processing
 - Economic Diversification
 - Infrastructure Investments in Power and Transportation
 - Footloose Industry
 - Renewable Energy
- 
- A stylized, layered mountain range graphic in shades of teal and blue, located in the bottom right corner of the slide.

Alaska: An Island Economy



State Revenue from Renewable Resources: Replace \$7.5 Billion*



\$10,000 /
OZ. GOLD



\$5,000 /
TOURIST



\$50 /
SALMON

*Estimate for FY 2011

The Alaska Economy: We Need All 3 Legs



North Slope Resources



	OIL (Billion Barrels)	GAS (TCF)
Colville/Canning	4.5	37.5
ANWR 1002	10.3	3.8
OCS-Beaufort	6.9	32.1
OCS-Chukchi	15.5	60.1
NPRA	.9	52.8
TOTAL	38.1	186.3

Trend in Oil Patch Employment



Managing the Petroleum Nest Egg: A Sustainable Spending Cap (Billion \$)



Earnings

\$5 /
Year



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